

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6404

BILL NUMBER: SB 108

NOTE PREPARED: Jan 26, 2006

BILL AMENDED:

SUBJECT: Wage Payment Issues.

FIRST AUTHOR: Sen. Young R Michael

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that an employer who fails to pay an employee must pay interest at a monthly rate of 1.5% of the amount due. (Current law makes the penalty 10% per day.) It provides a procedure for an employer to deduct up to \$200 due to the employer from an employee from the employee's unpaid wages. The bill exempts employees who are classified as exempt under the federal Fair Labor Standards Act from the state provisions concerning wage payment.

This bill permits a wage assignment for: (1) payment for uniforms; (2) payment for tools and equipment; or (3) tuition repayment. It establishes a fee for issuing a replacement payroll check in certain circumstances. The bill repeals and relocates language making it a Class C infraction for an employer to sell merchandise or supplies to an employee for a price higher than to the public. It also repeals a chapter concerning the regulation of wage payments, which includes the following provisions: (1) A provision requiring an employer to pay employees in commercial paper. (2) A duplicate provision concerning frequency of wage payments. (3) A provision containing obsolete language concerning liens of laborers.

Effective Date: July 1, 2006.

Explanation of State Expenditures: The impact on the state and local governments would be as an employer and should be a minor impact, if any.

The provisions exempting employees who are classified as exempt under the federal Fair Labor Standards Act from the provisions dealing with wage payment should have no impact.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: All.

Information Sources: All.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.